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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>15 September 2020</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/76/20/AP/LA</b>
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<b>Subject:</b>	<b>Welfare Reform Update</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to provide the Committee with an update on recent developments regarding Welfare Reform.

## 2.0 SUMMARY

- 2.1 The DWP's latest published UC caseload data reports that 8,685 people in Inverclyde claim Universal Credit, an increase of 2,293 (36%) since February 2020. The number people who receive help with their Council Tax through the Council Tax Reduction (CTR) scheme who claim UC has increased from 3,491 in February 2020 to 4,015 in August 2020 an increase of 15%.
- 2.2 An adjustment to the DHP policy agreed in August 2020 will support those renting in the private rented sector affected financially by the impact of COVID-19. The expansion of the SWF criteria agreed in August 2020 to meet not only high priority cases but also medium priority in addition to continuing the 20% uplift in grant levels will help more households facing exceptional pressure and will also help people set up home as house moves resume.
- 2.3 Updates in respect of the SSSA and Advice Services are included in the report including grant payments made within Inverclyde for a number of the SSSA schemes.
- 2.4 As part of the consideration by the Committee of the use of the £1million recurring Anti Poverty initiatives, £72,000 of the earmarked reserve was used to supplement spend on the approved projects. Proposals for the use of the balance of the Anti Poverty Fund will be developed as part of the Covid Recovery Plans and the 2021/23 Budget.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the updates contained in the report.

#### **4.0 BACKGROUND**

- 4.1 The UK Government Welfare Reforms have been progressing for many years and the impact on the Council and community are the subject of reports to each Policy & Resources Committee.
- 4.2 The Scottish Government launched the Social Security Scotland Agency (SSSA) in 2016 and updates on developments are also included in the report.
- 4.3 The Council has an Anti-Poverty Fund earmarked reserve which is overseen by the Committee. Decisions in respect of that Fund are generally included in this report.

#### **5.0 UNIVERSAL CREDIT**

- 5.1 The DWP's latest published UC caseload data reports that 8,685 people in Inverclyde claim Universal Credit, an increase of 2,293 (36%) since February 2020. Greenock Jobcentre Plus (JCP) remained open for the most vulnerable throughout COVID-19 restrictions and although digital by default will continue, plans are in place to increase customer capacity. Jobcentre Plus continues to support new UC applicants and is ready to respond should the termination of the government job retention scheme result in a surge of new claims from those currently furloughed.
- 5.2 DWP announced additional funding to help more people move closer to the job market. As well as grant funding for voluntary organisations and charities a strand of funding can be used for innovative community partnership projects funded jointly with councils. Officers will explore opportunities with DWP when the detail of the funding is released.
- 5.3 The number people who receive help with their Council Tax through the Council Tax Reduction (CTR) scheme who claim UC has increased from 3,491 in February 2020 to 4,015 in August 2020 an increase of 15%. The increase is less than the level of increase in UC claimants because not all UC claimants are Council Tax payers. The total number of households who receive Council Tax Reduction has risen from 9,356 in February 2020 to 9,618 in August 2020, an increase of 3%. Almost one in 4 council tax payers receives help through Council Tax Reduction.

#### **6.0 DISCRETIONARY HOUSING PAYMENTS/SCOTTISH WELFARE FUND**

- 6.1 The Council received increased DHP funding of £82,000 as part of a £5million Scotland wide package of support linked to COVID-19. An adjustment to the DHP policy agreed in August 2020 will support those renting in the private rented sector affected financially by the impact of COVID-19. Appendix 2 shows a projected under-spend of £182k at 31 July 2020 before promotion of the policy was launched. Officers will closely monitor expenditure ensuring spend stays within the agreed cap of £150k.
- 6.2 Appendix 3 shows expenditure through the Scottish Welfare Fund of £241k by 31 July 2020, an increase of £34k in crisis grants and reduction of £21k in community care grants compared with the same period in 2019. The expansion of the scheme agreed in August 2020 to meet not only high priority cases but also medium priority in addition to continuing the 20% uplift in grant levels will help more households facing exceptional pressure and will also help people set up home as house moves resume. Additional expenditure will be met by one-off Scottish Government Funding of £437,000 announced as part of the response to COVID-19.

#### **7.0 SCOTTISH SOCIAL SECURITY AGENCY**

- 7.1 The Scottish Social Security Agency Client Support team in Inverclyde comprises 2 advisors and their team leader. The advisors provide one-to-one support and help clients understand what devolved benefits they are entitled to, help them complete applications, support people through the process and any follow up actions relating to their case. The team is based in the Customer Service Centre and is in the process of planning a return to the workplace. The Scottish Government officers are reviewing SIMD data to decide locations for the outreach service. Further vacancies in Inverclyde are to be filled in line with the roll out of the remaining devolved benefits.

- 7.2 The Job Start Payment (JSP) launched on 17 August 2020, the latest in a series of new benefits. JSP is a £250 payment for people aged between 16 to 24 who have a job offer after a period of six months or more on certain benefits to help with the costs of starting a new job, be that clothing, help meeting travel costs or paying for childcare. The qualifying benefit time period requirement does not apply to care leavers.
- 7.3 By 31 May 2020, 2,665 applications had been made for Best Start Grant and Best Start Foods, an increase of 530 applications since 31 December 2019. 69% of applications to date have been authorised for payment. Inverclyde families represent 2% of the caseload.

<u>Best Start Grant and Best Start Foods</u>	Payment from 31.12.2019 until 31.05.2020	Total to 31.05.20
Pregnancy and Baby Payment £600 or £300 per child	£46,200	£202,800
Early Learning Payment £250 per child	£25,500	£153,250
School Age Payment £250 per child	£4,250	£83,500
Best Start Foods £17 or £34 per child/ 4 weekly	£63,393	£95,693

- 7.4 Planning for the delivery of the Scottish Child Payment continues with an announcement on 20 August that applications will open in November and payments will take place from February, 2021. The Child Winter Heating Assistance is a new £200 annual lump sum payment designed to support with winter fuel costs for children and young people who are in receipt of the highest rate of DLA care. Legislation scheduled to be in place by November 2020 is making its way through the parliamentary process.
- 7.5 The latest Carer's Allowance Supplement statistics have been published. At April 2020, 1,585 Carers received the supplement, a twice yearly payment of £230.10. The supplement has been in place since April 2018 and the number who received the payment has ranged from 1,505 when it was first introduced and peaked at 1,630 in October 2019.

## **8.0 ADVICE SERVICES UPDATE**

- 8.1 The financial impact of COVID-19 restrictions has affected groups of people differently. The Resolution Foundation reports that for the lowest income households, the temporary uplift in benefit rates for those who were not working before the crisis has cushioned the financial impacts of coronavirus and pensioner incomes have remained protected. The crisis has however disproportionately affected working adults. The hardest hit sectors of the economy are those associated with low-earnings, over half are estimated to be affected. Typical incomes overall were 4.5%–8% lower in May 2020 than they were in 2019-20 and evidence points to a growing use of high cost consumer credit.
- 8.2 The number of people in Inverclyde claiming welfare benefits and searching for work in May 2020 was 3,190 compared with 2,204 in May 2019. The rate of unemployment was 6.5%. Rising unemployment is certain, with government and think tanks forecasting varying increases.
- 8.3 Benefit conditionality and sanctions were reintroduced in July 2020. The UK Government relaxed the rules relating to conditionality requirements in the claimant commitment at the start of COVID-19 restrictions. For most claimants, failing to carry out tasks associated with the conditions of their commitment could result in their Universal Credit being reduced, removed altogether or sanctioned. Work coaches and jobcentre managers are empowered however to act proactively with claimants to meet their commitments.
- 8.4 The House of Lords Economic Affairs Committee continues to scrutinise Universal Credit and makes proposals for reform. Recommendations are around the provision of non-repayable financial assistance at the start of a claim, removing a degree of the fluctuation in payments and reducing the taper or withdrawn rate. They also recommend that the DWP publish its evaluation of the efficacy of sanctions and that the government should devise a fund for supporting advice to claimants and work alongside local authorities to identify best practice for ongoing and accessible advice.

- 8.5 A range of organisations and individuals, including the Children and Young People's Commissioner for Scotland, have raised the concern that there is an immediate need for emergency financial support to be provided to all low income families to tackle the severe financial hardship being experienced now and to support the Scottish Government's commitment to ending child poverty.
- 8.6 The Scottish Human Rights Commission highlights that households are struggling to stay 'afloat' and that more has to be done by the Scottish Government. Recommendations include expediting provision of the Scottish Child Payment. The Scottish Government has indicated that it will prioritise the delivery of the Scottish Child Payment.

## 9.0 ANTI POVERTY FUND

- 9.1 At 31 March the balance on the Anti Poverty earmarked reserve was £1.144million of which £450,000 is committed. As part of the consideration by the Committee of the use of the £1million recurring Anti-Poverty initiatives, £72,000 of the earmarked reserve was used to supplement spend on the approved projects.
- 9.2 Proposals for the use of the balance of the Anti-Poverty Fund will be developed as part of the Covid Recovery Plans and the 2021/23 Budget.

## 10.0 IMPLICATIONS

### 10.1 Finance

#### Financial Implications:

#### One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

#### Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

### 10.2 Legal

There are no legal implications arising from this report.

### 10.3 Human Resources

There are no HR implications arising from this report.

### 10.4 Equalities

#### Equalities

- (a) Has an Equality Impact Assessment been carried out?

YES (see attached appendix)

X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required
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(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

**10.5 Repopulation**

Supporting communities and individuals through initiatives and advice will assist retain people within Inverclyde.

**11.0 CONSULTATIONS**

11.1 No consultations were required.

**12.0 BACKGROUND PAPERS**

12.1 None

Appendix 1

Universal Credit - Inverclyde Council

	No. of UC claimants	% of UC claimants with earnings	No. of UC claimants with Council Tax Reduction	No. of UC claimants awarded SWF Crisis Grants
<b>Jun-18</b>	5240	32%	2408	135
<b>Jul-18</b>	5397	32%	2526	125
<b>Aug-18</b>	5527	32%	2607	176
<b>Sep-18</b>	5640	33%	2647	156
<b>Oct-18</b>	5718	33%	2657	127
<b>Nov-18</b>	5804	34%	2690	172
<b>Dec-18</b>	5753	35%	2725	118
<b>Jan-19</b>	5768	34%	2800	198
<b>Feb-19</b>	5597	29%	2823	151
<b>Mar-19</b>	5611	28%	2969	148
<b>Apr-19</b>	5680	28%	3098	142
<b>May-19</b>	5707	28%	3155	153
<b>Jun-19</b>	5749	27%	3134	130
<b>Jul-19</b>	5888	28%	3206	134
<b>Aug-19</b>	6021	25%	3316	169
<b>Sep-19</b>	6039	29%	3441	131
<b>Oct-19</b>	n/a	n/a	3491	145
<b>Nov-19</b>	6154	29%	3438	128
<b>Dec-19</b>	6188	29%	3464	142
<b>Jan-20</b>	6179	28%	3456	208
<b>Feb-20</b>	6392	28%	3491	175
<b>Mar-20</b>	6455	27%	3553	263
<b>Apr-20</b>	7829	30%	3748	300
<b>May-20</b>	8492	30%	3748	162
<b>Jun-20</b>	8685	31%	3978	167

Notes

1. No. of UC claimants is the number of individuals in receipt of Universal Credit either individually or as part of a couple

**Discretionary Housing Payments**  
**Position 31.07.20**

<u>1/ SSSC (Bedroom Tax)</u>		
Applications Approved	1507	94.54%
Applications Not Eligible/Refused	80	5.02%
Applications Being Assessed	7	0.44%
	<u>1594</u>	
	<u>£</u>	
Paid to Date	1145543	Note 1
2020/21 Budget	1168167	Note 2
(Under)/Overspend	<u>(22624)</u>	
<u>2/ Other DHP Cases</u>		
	<u>£</u>	
2020/21 Budget	307695	Note 3
less : Payments to 31/07/20	125575	
(Under)/Overspend	<u>(182120)</u>	

Notes

- 1/ Represents 98.66% of those households known to be affected by SSSC.
- 2/ Estimate of liability; Scottish Government will meet expenditure in full.
- 3/ Includes £72k Covid-19 allocation and up to £80k Anti-Poverty funding.

Finance Services  
31/07/2020

**Scottish Welfare Fund**  
**31<sup>st</sup> July 2020**

Calls Answered	3855		
Applications	1957		
Applications Granted	1302	66.53%	
Applications Refused	276	14.10%	Note 3
Applications Withdrawn	317	16.20%	
In Progress	62	3.17%	
Referrals to DWP	76		Note 2
	<u>Spend</u>	<u>Budget</u>	<u>Spend</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>
Crisis Grant paid (1021)	103	584	17.64%
Community Care Grants paid (312) (includes 31 applications paying both CCG & CG)	138	584	23.63%
	<hr/> 241 <hr/>	<hr/> 1168 <hr/>	20.63%

**Note 1** 1<sup>st</sup> Tier Reviews awaiting decision = 2  
 1<sup>st</sup> Tier Review decisions = 15 (0.95%)  
 1<sup>st</sup> Tier Reviews upheld in customer favour = 12 (80.00%)  
 2nd Tier Reviews = 0 (as % of 1<sup>st</sup> tier decisions: (0%))  
 2nd Tier Reviews upheld in customers favour by SPSO = 0 (0%)

**Note 2** Referrals to DWP are the number of customers who are awaiting payment of a new claim for Universal Credit from DWP. In these circumstances an application can be made for a UC advance, which is repayable to the DWP.

**Note 3** The most common reasons for refusal of claims are, applicants not meeting the eligibility criteria, not being in receipt of a low income or incomplete evidence provided.

**Note 4** Core Budget is £1,168,658 of which £447,000 is Covid-19 funding